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FM AMEMBASSY BUCHAREST
TO RUEHKV/AMEMBASSY KYIV IMMEDIATE 0087
RUEHMO/AMEMBASSY MOSCOW IMMEDIATE 0911
RUEHPG/AMEMBASSY PRAGUE IMMEDIATE 8593
RUEHBS/USEU BRUSSELS IMMEDIATE 0028
RUEHC/SECSTATE WASHDC IMMEDIATE 9087
RHMCSUU/DEPT OF ENERGY WASHINGTON DC IMMEDIATE
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 02 BUCHAREST 000010

SIPDIS

STATE FOR EUR ASCHIEBE AND MBRYZA
ALSO FOR EEB DHENGEL AND SMANN
STATE PLEASE PASS TO USTDA DSTEIN AND JMERRIMAN
USEU FOR LBONO AND RFROST
KYIV FOR PSLOWINSKI
PRAGUE FOR A/S FRIED
DOE FOR MAPICELLI

E.O. 12958: DECL: 01/06/2019
TAGS: [ECON](#) [ENRG](#) [EPET](#) [PREL](#) [PGOV](#) [RO](#)
SUBJECT: ROMANIA: GAS IMPORTS HALTED, STATE OF EMERGENCY
DECLARED

REF: BUCHAREST 03

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Classified By: CDA Jeri Guthrie-Corn for reasons 1.4 (b) and (d).

11. (SBU) Summary. Imports on the second of two natural gas pipelines connecting Romania to Ukraine were halted the morning of January 7th. Romania is currently receiving no natural gas inflows from Ukraine and has declared a state of emergency. This declaration provides the Romanian Government (GOR) increased flexibility in managing the natural gas grid to maintain pressure to individual consumers through selective reductions to industrial users. The declaration suspends normal procurement procedures for state companies, allowing them to purchase alternate fuel sources on an emergency basis. Sufficient gas reserves and current production exist to meet demand, but the shortfall could turn critical if the average temperature drops below minus 15 degrees Celsius. End Summary.

12. (SBU) While not yet an emergency, the energy situation in Romania took a turn for the worse the morning of January 7th when gas supplies on the Mediesul Aurit Pipeline in northern Romania were cutoff. This follows the previous day's shutdown of the Isaccea pipeline and leaves Romania short roughly 10.5 million cubic meters (mcm) of gas per day. Marginal domestic production platforms are being brought online, bringing the total domestic production to almost 33 mcm per day, while reserves are being extracted from underground storage at the maximum daily rate of 26 mcm per day (Note: while 2.2 billion cubic meters (bcm) of reserves are on hand, the speed of extraction declines by approximately 1 mcm per day each week as pressure in the underground storage facilities drops). The state of emergency allows the GOR to mandate the use of fuel oil, where it is technically feasible, which has reduced demand by nearly 7 mcm, enough to maintain pressure on the Romanian natural gas grid. However, a drop in temperatures or a prolonged shutdown of longer than a week will require more drastic measures on the part of the GOR. These would include selective involuntary cut-offs to industrial users and lower pressure on the natural gas grid. The latter option would allow more marginal production wells to enter into service, but would raise the water table in other wells, shortening their useful life.

13. (C) The shutdown of the Mediesul Aurit pipeline is particularly difficult to understand, according to Corneliu Condrea, Deputy General Director for Natural Gas at the Ministry of Economy, because it is dedicated exclusively to Romania and has no connection to any Ukrainian consumers. The abrupt halt in supplies to this pipeline was unexpected and led him to speculate darkly that Gazprom doesn't actually have sufficient gas to pump through to Europe and was deliberately withholding supplies to provide enough gas to Russian consumers. Condrea was skeptical that Romania had enough fuel oil to last much longer than two weeks without the resumption of at least some natural gas imports. Interestingly, he indicated that the problem was more one of logistics than refinery capacity, saying that Romania's transportation system simply could not move the quantities of fuel oil required for a long disruption from the refineries to end users. (Comment: While the natural gas producer and grid manager are state-owned, the oil companies in Romania are privately operated, making accurate information on supplies harder to obtain. The largest operator, OMV-owned Petrom has publicly said that it has enough fuel oil, 60,000 tons, on hand to last one month. End Comment).

14. (C) Comment. Unsurprisingly, the gas dispute between Russia and Ukraine has made Romania even more focused on securing alternative supplies, a fact underlined by Condrea in his meeting with EconOff. He said that Romania must move as quickly as possible to develop the proposed LNG import terminal in Constanta and that the GOR would continue to support the development of Nabucco. While Romania's current situation is still better than that of some of its European neighbors, it became much more precarious when all natural gas flows from Ukraine stopped. If the temperature begins to

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fall, the government will be forced to cut off additional industrial consumers in order to keep enough gas available for home heating. This will make an already dicey economic situation worse, as industrial users are forced to curtail production in response to lower gas volumes. End Comment.
GUTHRIE-CORN